

**BRADSHAW WATER COMPANY, INC.**

112 Grove Avenue Prescott, Arizona 86301 (928) 778-1888



0000039462

**RECEIVED**

November 13, 2001

2001 NOV 14 A 11: 55

Mr. Steven M. Olea  
Acting Director, Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, AZ 85007-2996

AZ CORP COMMISSION  
DOCUMENT CONTROL

Arizona Corporation Commission

**DOCKETED**

NOV 14 2001

Re: Staff Report Docket #W-02476A-01-0502

Dear Mr. Olea:

DOCKETED BY	<i>mac</i>
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I am in receipt of the staff report for Bradshaw Water Company's application for a permanent rate increase dated 10/5/01. The report was prepared by Elena Zestrijan. I received the report on 11/6/01, one month after it had been docketed by the Commission. It took 3 phone calls to the Commission to get a copy of the report. As the subject of the report, I would have thought that I would have gotten a copy of the report immediately. I have objections to information in the report. The following comments are for your review:

(1) Page 2 - It is noted in the report that a petition signed by 95 individuals was given to the Commission. The report states that the "percentage of complaints to customer base was 100%". The statement implies that 100% of the customers objected to the rate application. "Individuals" are not "customers". If a percentage of customers is to be stated, one should correlate the people signing the petition with the actual customers served by Bradshaw.

(2) Page 4 - Compliance: At the bottom of the page it states that the Company failed to comply with Decision 60708, dated February 27, 1998. The hearing officer that issued the Decision 60708 later extended the date to file a rate increase application to December 31, 2000. The application was filed 6 months late, not 15 months late.

(3) Page 5: The second paragraph states that Bradshaw is a subsidiary of Professional Brokers. This is not true. Bradshaw is wholly owned by Lynx Creek Ranch, Inc., an Arizona C-type Corporation. Don Lovell who manages Bradshaw for Lynx Creek Ranch, Inc. is an employee of Lynx Creek Ranch, Inc. Professional Brokers has nothing to do with the ownership of Bradshaw.

(4) Page 6 - Operating Expenses - Staff Adjustments A: The owner of Bradshaw that received \$9,000 is Lynx Creek Ranch, Inc., not Professional Brokers. Professional Brokers has no common ownership with Bradshaw. The expense is to reimburse Lynx Creek Ranch, Inc. for the time Mr. Lovell devotes to Bradshaw management. I am perplexed as to why the Commission chooses to eliminate management expense paid by Bradshaw. How does the Commission expect Bradshaw to be managed? I do not understand how Bradshaw is to be managed if no compensation is allowed for management.

(5) Page 6 - Staff Adjustments C: The only management paid by Bradshaw was the \$9,000 paid to Lynx Creek Ranch, Inc., which was deleted by the staff. See my comments above. The monies paid to Professional Brokers should have been classified into operating expenses account 621 (office supplies and expenses) and account 641 (rents). The monies paid to Professional Brokers were for office supplies, postage, telephone, secretarial services, accounting, computer services, office rent, etc. How can a water company be run without the items listed above? The staff should have reclassified the monies paid to Professional Brokers to account 621 and 641, rather than account 630.

(6) Page 8 - 4th paragraph: The recommendation that the Company maintain a separate bank account for utility purposes is not required. The Company already maintains a completely separate bank account, and does not co-mingle any funds with personal funds, or with the parent company.

(7) Executive Summary: The first paragraph states that Bradshaw "has major plant deficiencies". This is an inaccurate statement. Attached you will find a copy of the fax that was sent to the Commission from ADEQ. It makes no mention of any plant deficiencies. In the ADEQ fax, the box for Major Deficiencies is checked, but it goes on to state that there are no major operation and maintenance deficiencies and no administrative orders in effect. It further goes on to state its ignorance regarding Bradshaw's water quality standards. The water quality standards maintained by Bradshaw Water Company are in compliance with all federal, state, and local regulations. ADEQ does not have its administrative files up to date. Bradshaw does not have major deficiencies, plant or otherwise. The Company did not fail to provide its annual lead and copper monitoring. The facts are that ADEQ failed to note the Company's compliance properly. I will be asking ADEQ to correct their misleading statements to the Commission.

(8) Schedule 3 - Page 1 - Account 630: Staff consolidated four Bradshaw expense items into account 630. The Bradshaw accounts are:

600-0 Accounting Expense	\$5,429.17
613-0 Contract System Operator	\$6,070.00
615-0 Contractual Services	\$1,181.50
687-0 Blue Staking	\$ 659.03

The accounts listed above have erroneously been classified as contract services. Bradshaw Account 600-0 (accounting expense) are monies paid for office supplies, postage, accounting, telephone, computer, secretarial services, office space, etc., and should have been classified as office supplies and expenses in Account 621 and rent in Account 641.

Mr. Steven M. Olea, Acting Director, Utilities Division  
Arizona Corporation Commission  
11/13/01  
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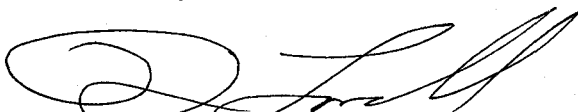
Bradshaw Account 613-0 (Contract system operator) represents an hourly fee paid to Don Bohler to maintain and operate the Bradshaw system in the field. The Bradshaw system operates with a series of wells, pump stations, and storage tanks that need to be regularly checked, maintained and kept in compliance with the many regulations imposed upon water companies by the state and federal governments. Don Bohler as a licensed system operator does an excellent job to assure that quality water is delivered to the Bradshaw customers. Don Bohler does not participate in Company management.

Bradshaw Account 615-0 (contractual services) for \$1,181.50 was a one-time engineering fee paid to Kelly/Wise Engineering for the design of the water tank improvement installed by Bradshaw in January, 2001. It should not be listed as contractual services. It should be capitalized as part of the cost of the water tank.

Bradshaw Account 686-0 (Blue Staking): Bradshaw is bound by state law to mark its utility locations when requested to do so by contractors digging in Bradshaw's territory. Blue Staking ought to be recognized as a significant expense by the water company, and not eliminated.

I expect to review the staff report further and will make additional comments as required. I would appreciate if the Commission would review the above comments and adjust the staff report accordingly

Sincerely,



DON LOVELL  
DL/rj

Enclosure

C: Brian McNeil, Executive Secretary  
Elena Zestrijan, Auditor III  
Dorothy Hains, Utilities Engineer  
Bradley Morton, Consumer Service Specialist  
Christopher C. Kempley, Chief, Legal Division  
Lyn Farmer, Director, Hearing Division  
Philip J. Dion III, Administrative Law Judge

**Arizona Department of Environmental Quality**  
**Drinking Water Compliance Enforcement Unit**  
**3033 N. Central Avenue, M0501B**  
**Phoenix, AZ 85012**

**Compliance Status Report**

**PWS Name:** Bradshaw Water Company

**PWS ID #:** 13-141

**Compliance Status:** ☐ No Major Deficiencies ☒ Major Deficiencies

**Comments:**

Failed to provide annual lead and copper monitoring.

**Date of last inspection / sanitary survey:** 8-2-94

**Major Operation and Maintenance Deficiencies cited during inspection:**

☒ None ☐ unable to maintain 20psi ☐ inadequate storage  
☐ cross connection/backflow problems ☐ surface water treatment rule  
☐ treatment deficiencies ☐ approval of construction  
☐ certified operator

**Administrative Orders:**

Is ADEQ administrative order in effect? ☐ Yes ☒ No

Is US EPA administrative order in effect? ☐ Yes ☒ No

**Comments:**

**System Information:**

Number of Points of Entry 2 Population Served 100 Connections Served 87

Initial Monitoring Year 1995 MAP year 2001

**DWCE Evaluation completed by:** Jim Puckett

**Phone:** 602-207-4649 **Date:** 7-10-2001

Based on data submitted by the water system, ADEQ cannot determine if this system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4. This compliance status report does not guarantee the water quality for this system in the future. This compliance status report does not reflect the status of any other water system owned by this utility company.